

CONTRACT FOR COLLECTION SERVICES

This contract is dated, made, and entered into as of the ____ day of _____, 20____, by the City of Durham ("City"), a N. C. municipal corporation, and Professional Recovery Consultants, Inc. ("Contractor"), a corporation organized and existing under the laws of North Carolina, with its principal offices located in Durham, N.C.

Sec. 1. Background and Purpose. The purpose of this contract is to provide services to support collection of delinquent accounts for utility and general billing accounts.

Sec. 2. Services and Scope to be Performed. Presumption that Duty is Contractor's.

The Contractor shall provide services ("Work") fully described in this section and as set forth elsewhere in this contract. Contractor shall provide collection of City delinquent accounts at the Contractor's facility. The City shall determine which delinquent accounts to forward to the Contractor. Accounts are inclusive of both utility and general billing accounts. The fee to be paid by the City under this contract is 18.45% of collected receivables for primary account placements. Primary account placements means accounts which are placed directly from the City with the Contractor as the initial collection agency. The delinquent accounts to be collected upon include but are not limited to: utility bills for water, sewer and stormwater service; and general billing accounts for inspections, civil penalties, false alarm, landfill tipping, wrecker dispatch, and animal disposal. If the City transfers an account to the Contractor, and debtor pays the amount due prior to the Contractor commencing collections activity by sending a notification letter, then the City shall not be obligated to pay the 18.45% fee.

In this contract, "Work" means the services that Contractor is required to perform pursuant to this contract and all of the Contractor's duties to the City that arise out of this contract. Unless the context requires otherwise, if this contract states that a task is to be performed or that a duty is owed, it shall be presumed that the task or duty is the obligation of Contractor.

Sec. 3. Reserved.

Sec. 4. Contract Term. The term of this Work shall commence upon the date it is signed by both parties (the "Effective Date") and unless terminated, as herein provided, shall exist and continue for an initial term of three (3) years. The City shall have the right at its option to extend the Contract for two additional one (1) year periods upon the same terms and conditions. The option shall be deemed exercised in each successive year upon written notice by the City to the Contractor. The notice shall not be later than ninety (90) days prior to the expiration of the then effective remaining term.

Sec. 5. Complete Work without Extra Cost. Except to the extent otherwise specifically stated in this contract, Contractor shall obtain and provide, without additional cost to the City, all labor, materials, equipment, transportation, facilities, services, permits, and licenses necessary to

perform the Work. At any time during the term of this contract, the City may request that Contractor perform Special Services for additional compensation to be agreed upon by the City and Contractor prior to the performance of any Special Services by Contractor. As used herein, Special Services means any work which is determined by the City to be necessary for this contract, but which the parties did not reasonably anticipate would be necessary at the execution of this contract and which Contractor agrees to perform. If the City and Contractor reach an agreement on the performance of Special Services, Contractor shall undertake such Special Services after receiving the authorization from the City.

Sec. 6 Contractor's Billings to City. Compensation. Contractor shall send invoices to the City on a monthly basis for the amounts to be paid pursuant to this contract. Each invoice shall document, to the reasonable satisfaction of the City: such information as may be reasonably requested by the City. Contractor shall list the month that the payment is being requested for and list out any specific dollar amounts that are being billed in the invoice. The City shall pay the Contractor for the Work as described in Section 2.

Within twenty days after the City receives an invoice, the City shall send the Contractor a check in payment for all undisputed amounts contained in the invoice.

The City shall not be obligated to pay Contractor any payments, fees, expenses, or compensation other than those authorized by this section.

Sec. 7. Prompt Payment to Subcontractors. (a) Within 7 days of receipt by Contractor of each payment from the City under this contract, Contractor shall pay all Subcontractors (which term includes sub-consultants and suppliers) based on work completed or service provided under the subcontract. Should any payment to the Subcontractor be delayed by more than 7 days after receipt of payment by Contractor from the City under this contract, Contractor shall pay the SubContractor interest, beginning on the 8th day, at the rate of 1% per month or fraction thereof on such unpaid balance as may be due. By appropriate litigation, Subcontractors shall have the right to enforce this subsection (a) directly against Contractor, but not against the City of Durham.

(b) If the individual assigned to administer this contract for the City (in this section, titled "Prompt Payment to Subcontractors," he or she will be referred to as the "Project Manager") determines that it is appropriate to enforce subsection (a) in this manner, the City may withhold from progress or final payments to Contractor the sums estimated by the Project Manager to be

(i) the amount of interest due to the Subcontractor under subsection (a), and/or

(ii) the amounts past-due under subsection (a) to the Subcontractor but not exceeding 5% of the payment(s) due from the City to Contractor.

This subsection (b) does not limit any other rights to withhold payments that the City may have.

(c) Nothing in this section (titled "Prompt Payment to Subcontractors") shall prevent Contractor at the time of invoicing, application, and certification to the City from withholding invoicing, application, and certification to the City for payment to the Subcontractor for unsatisfactory job progress; defective goods, services, or construction not remedied; disputed work; third-party claims filed or reasonable evidence that such a claim will be filed; failure of the

Subcontractor to make timely payments for labor, equipment, and materials; damage to Contractor or another Subcontractor; reasonable evidence that the subcontract cannot be completed for the unpaid balance of the subcontract sum; or a reasonable amount for retainage not to exceed 10%.

(d) The Project Manager may require, as a prerequisite to making progress or final payments, that Contractor provide statements from any Subcontractors designated by the Project Manager regarding the status of their accounts with Contractor. The statements shall be in such format as the Project Manager reasonably requires, including notarization if so specified.

Sec. 8 Insurance. Contractor agrees to maintain, on a primary basis and at its sole expense, at all times during the life of this Contract the following applicable coverage's and limits. The requirements contained herein, as well as City's review or acceptance of insurance maintained by Contractor is not intended to and shall not in any manner limit or qualify the liabilities or obligations assumed by Contractor under this Contract.

Commercial General Liability – Combined single limit of no less than \$1,000,000 each occurrence and \$2,000,000 aggregate. Coverage shall not contain any endorsement(s) excluding nor limiting Product/Completed Operations, Contractual Liability or Cross Liability.

Automobile Liability – Limits of no less than \$1,000,000 Combined Single Limit. Coverage shall include liability for Owned, Non-Owned and Hired automobiles. In the event Contractor does not own automobiles, Contractor agrees to maintain coverage for Hired and Non-Owned Auto Liability, which may be satisfied by way of endorsement to the Commercial General Liability policy or separate Auto Liability policy. Automobile coverage is only necessary if vehicles are used in the provision of services under this Contract and/or are brought on a City of Durham site.

Umbrella or Excess Liability – Contractor may satisfy the minimum liability limits required above under an Umbrella or Excess Liability policy. There is no minimum Per Occurrence limit of liability under the Umbrella or Excess Liability, however, the Annual Aggregate limits shall not be less than the highest 'Each Occurrence' limit for required policies. Contractor agrees to endorse City of Durham as an 'Additional Insured' on the Umbrella or Excess Liability, unless the Certificate of Insurance states the Umbrella or Excess Liability provides coverage on a 'Follow-Form' basis.

Worker's Compensation & Employers Liability – Contractor agrees to maintain Worker's Compensation Insurance in accordance with North Carolina General Statute Chapter 97 and with Employer Liability limits of no less than \$1,000,000 each accident, each employee and policy limit. This policy must include a Waiver of Subrogation.

Additional Insured – Contractor agrees to endorse the City as an Additional Insured on the Commercial General Liability. The Additional Insured shall read 'City of Durham as its interest may appear'.

Certificate of Insurance – Contractor agrees to provide City of Durham a Certificate of Insurance evidencing that all coverage's, limits and endorsements required herein are maintained and in full force and effect, and Certificates of Insurance shall provide a minimum thirty (30) day endeavor to notify, when available, by Contractor's insurer. If Contractor receives a non-renewal or cancellation notice from an insurance carrier affording coverage required herein, or receives notice that coverage no longer complies with the insurance requirements herein, Contractor

agrees to notify the City within five (5) business days with a copy of the non-renewal or cancellation notice, or written specifics as to which coverage is no longer in compliance. The Certificate Holder address should read: City of Durham, Attn: Finance Department, 101 City Hall Plaza, Durham, NC 27701.

All insurance companies must be authorized to do business in North Carolina and be acceptable to the City of Durham's Risk Manager.

Sec. 9 Performance of Work by City. If Contractor fails to perform the Work in accordance with the schedule required by this contract, the City may, in its discretion, in order to bring the project closer to the schedule, perform or cause to be performed some or all of the Work, and doing so shall not waive any of the City's rights and remedies. Before doing so, the City shall give Contractor notice of its intention. Contractor shall reimburse the City for additional costs incurred by the City in exercising its right to perform or cause to be performed some or all of the Work pursuant to this section.

Sec. 10 Exhibits. There are no exhibits as part of this contract:

Sec. 11 Notice. (a) This subsection (a) pertains to all notices related to or asserting default, breach of contract, claim for damages, suspension or termination of performance, suspension or termination of contract, and extension or renewal of the term. All such notices shall be given by personal delivery, fax, UPS, Federal Express, a designated delivery service authorized pursuant to 26 U.S.C. 7502(f)(2), or certified United States mail, return receipt requested, addressed as follows. The parties are requested to send a copy by email.

To the City:

Monte Evans, Finance Department
City of Durham
101 City Hall Plaza
Durham, NC 27701-3329
The fax number is (919) 560-4325
Email: Monte.Evans@DurhamNC.gov

To Contractor:

Professional Recovery Consultants, Inc.
Geoff Miller, President
The fax number is (972) 831-7499
Email: GMiller@prorecoveryinc.com

(b) Change of Address. Date Notice Deemed Given. A change of address, email address, fax number, or person to receive notices under subsection (a) shall be made by notice given pursuant to subsection (a). All notices and other communications related to or under this contract shall be deemed given and sent at the time of actual delivery, if personally delivered or sent by fax, personal delivery, UPS, Federal Express, or a designated delivery service. If the notice or other communication is sent by United States mail, it shall be deemed given upon the

third calendar day following the day on which such notice or other communication is deposited with the United States Postal Service or upon actual delivery, whichever first occurs.

Sec. 12. Indemnification. (a) To the maximum extent allowed by law, the Contractor shall defend, indemnify, and save harmless Indemnitees from and against all Charges that arise in any manner from, in connection with, or out of this contract as a result of acts or omissions of the Contractor or Subcontractors or anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable. In performing its duties under this subsection “a,” the Contractor shall at its sole expense defend Indemnitees with legal counsel reasonably acceptable to City. (b) Definitions. As used in subsections “a” above and “c” below -- “Charges” means claims, judgments, costs, damages, losses, demands, liabilities, duties, obligations, fines, penalties, royalties, settlements, and expenses (included without limitation within “Charges” are (1) interest and reasonable attorneys' fees assessed as part of any such item, and (2) amounts for alleged violations of sedimentation pollution, erosion control, pollution, or other environmental laws, regulations, ordinances, rules, or orders -- including but not limited to any such alleged violation that arises out of the handling, transportation, deposit, or delivery of the items that are the subject of this contract). “Indemnitees” means City and its officers, officials, independent Contractors, agents, and employees, excluding the Contractor. (c) Other Provisions Separate. Nothing in this section shall affect any warranties in favor of the City that are otherwise provided in or arise out of this contract. This section is in addition to and shall be construed separately from any other indemnification provisions that may be in this contract. (d) Survival. This section shall remain in force despite termination of this contract (whether by expiration of the term or otherwise) and termination of the services of the Contractor under this contract. (e) Limitations of the Contractor's Obligation. If this section is in, or is in connection with, a contract relative to the design, planning, construction, alteration, repair or maintenance of a building, structure, highway, road, appurtenance or appliance, including moving, demolition and excavating connected therewith, then subsection “a” above shall not require the Contractor to indemnify or hold harmless Indemnitees against liability for damages arising out of bodily injury to persons or damage to property proximately caused by or resulting from the negligence, in whole or in part, of Indemnitees.

Sec. 13 Trade Secrets; Confidentiality. The request for proposals (RFP) section titled “Trade Secrets and Confidentiality” shall apply to any Trade Secrets disclosed to the City during the process leading to the parties’ entering into this Contract (including all of Contractor’s responses to the RFP). This section (titled “Trade Secrets; Confidentiality”) shall remain in force despite termination of this contract (whether by expiration of the term or otherwise) and termination of the services of Contractor under this contract. For purposes of this contract, the word “candidate” in the RFP section just cited shall mean the “Contractor.”

Sec. 14 Termination for Convenience (“TFC”). (a) *Procedure*. Without limiting any party’s right to terminate for breach, the parties agree that the City may, without cause, and in its discretion, terminate this contract for convenience by giving Contractor written notice that refers to this section. TFC shall be effective at the time indicated in the notice. (b) *Obligations*. Upon TFC, all obligations that are still executory on both sides are discharged except that any right based on prior breach or performance survives, and the indemnification provisions and the section of this contract titled Trade Secrets and Confidentiality, if any, shall remain in force. At

the time of TFC or as soon afterwards as is practical, Contractor shall give the City all Work, including partly completed Work. In case of TFC, Contractor shall follow the City's instructions as to which subcontracts to terminate. (c) *Payment*. The City shall pay Contractor an equitable amount for the costs and charges that accrue because of the City's decisions with respect to the subcontracts, but excluding profit for Contractor. Within 20 days after TFC, the City shall pay Contractor one hundred dollars as a TFC fee and shall pay Contractor for all Work performed except to the extent previously paid for. Work shall be paid for in accordance with the method (unit prices, hourly fees, etc.) to be used for payment had the Work been completed except to the extent it would be inequitable to either party, and if Work was to be paid for on a lump-sum basis, the City shall pay the part of the lump sum that reflects the percentage of completion attained for that Work. Contractor shall not be entitled to any payment because of TFC except as stated in this section, whether on the basis of overhead, profit, damages, other economic loss, or otherwise.

Sec. 15. *E-Verify Requirements*. (a) If this contract is awarded pursuant to North Carolina General Statutes (NCGS) 143-129 – (i) the Contractor represents and covenants that the Contractor and its Subcontractors comply with the requirements of Article 2 of Chapter 64 of the NCGS; (ii) the words "Contractor," "Contractor's Subcontractors," and "comply" as used in this subsection (a) shall have the meanings intended by NCGS 143-129(j); and (iii) the City is relying on this subsection (a) in entering into this contract. (b) If this contract is subject to NCGS 143-133.3, the Contractor and its Subcontractors shall comply with the requirements of Article 2 of Chapter 64 of the NCGS.

Sec. 16 *Miscellaneous*. (a) Choice of Law and Forum; Service of Process. (i) This contract shall be deemed made in Durham County, North Carolina. This contract shall be governed by and construed in accordance with the law of North Carolina. The exclusive forum and venue for all actions arising out of this contract shall be the North Carolina General Court of Justice, in Durham County. Such actions shall neither be commenced in nor removed to federal court. This subsection (a) shall not apply to subsequent actions to enforce a judgment entered in actions heard pursuant to this subsection. (ii) If Contractor is not a natural person (for instance, Contractor is a corporation or limited liability company), this subsection (ii) applies. "Agent for Service of Process" means every person now or hereafter appointed by Contractor to be served or to accept service of process in any State of the United States. Without excluding any other method of service authorized by law, Contractor agrees that every Agent for Service of Process is designated as its non-exclusive agent for service of process, summons, and complaint. Contractor will instruct each Agent for Service of Process that after such agent receives the process, summons, or complaint, such agent shall promptly send it to Contractor. This subsection (ii) does not apply while Contractor maintains a registered agent in North Carolina with the office of the N. C. Secretary of State and such registered agent can be found with due diligence at the registered office.

(b) Waiver. No action or failure to act by the City shall constitute a waiver of any of its rights or remedies that arise out of this contract, nor shall such action or failure to act constitute approval of or acquiescence in a breach thereunder, except as may be specifically agreed in writing.

(c) Performance of Government Functions. Nothing contained in this contract shall be deemed or construed so as to in any way estop, limit, or impair the City from exercising or performing any regulatory, policing, legislative, governmental, or other powers or functions.

(d) Severability. If any provision of this contract shall be unenforceable, the remainder of this contract shall be enforceable to the extent permitted by law.

(e) Assignment, Successors and Assigns. Without the City's written consent, Contractor shall not assign (which includes to delegate) any of its rights (including the right to payment) or duties that arise out of this contract. The City Manager may consent to an assignment without action by the City Council. Unless the City otherwise agrees in writing, Contractor and all assignees shall be subject to all of the City's defenses and shall be liable for all of Contractor's duties that arise out of this contract and all of the City's claims that arise out of this contract. Without granting Contractor the right to assign, it is agreed that the duties of Contractor that arise out of this contract shall be binding upon it and its heirs, personal representatives, successors, and assigns.

(f) Compliance with Law. In performing all of the Work, Contractor shall comply with all applicable law.

(g) Notice of City Policy. THE CITY OPPOSES DISCRIMINATION ON THE BASIS OF RACE AND SEX AND URGES ALL OF ITS CONTRACTORS TO PROVIDE A FAIR OPPORTUNITY FOR MINORITIES AND WOMEN TO PARTICIPATE IN THEIR WORK FORCE AND AS SUBCONTRACTORS AND VENDORS UNDER CITY CONTRACTS.

(h) SDBE. Contractor shall comply with all applicable provisions of Article III of Chapter 18 of the Durham City Code (Equal Business Opportunities Ordinance), as amended from time to time. The failure of Contractor to comply with that article shall be a material breach of contract which may result in the rescission or termination of this contract and/or other appropriate remedies in accordance with the provisions of that article, this contract, and State law. The Participation Plan submitted in accordance with that article is binding on Contractor. Section 18-59(f) of that article provides, in part, "If the City Manager determines that Contractor has failed to comply with the provisions of the Contract, the City Manager shall notify Contractor in writing of the deficiencies. Contractor shall have 14 days, or such time as specified in the Contract, to cure the deficiencies or establish that there are no deficiencies." It is stipulated and agreed that those two quoted sentences apply only to Contractor's alleged violations of its obligations under Article III of Chapter 18 and not to Contractor's alleged violations of other obligations.

(i) No Third Party Rights Created. This contract is intended for the benefit of the City and Contractor and not any other person.

(j) Principles of Interpretation and Definitions. (1) The singular includes the plural and the plural the singular. The pronouns "it" and "its" include the masculine and feminine. References to statutes or regulations include all statutory or regulatory provisions consolidating, amending, or replacing the statute or regulation. References to contracts and agreements shall be deemed to include all amendments to them. The words "include," "including," etc. mean include, including, etc. without limitation. (2) References to a "Section" or "section" shall mean a section of this contract. (3) "Contract" and "Agreement," whether or not capitalized, refer to this instrument. (4) "Duties" includes obligations. (5) The word "person" includes natural persons, firms, companies, associations, partnerships, trusts, corporations, governmental agencies and units, and other legal entities. (6) The word "shall" is mandatory. (7) The word "day" means calendar day. (8) The word "Work" is defined in Section 2. (9) A definition in this contract will not apply to the extent the context requires otherwise.

(k) Modifications. Entire Agreement. A modification of this contract is not valid unless

signed by both parties and otherwise in accordance with requirements of law. Further, a modification is not enforceable against the City unless it is signed by the City Manager, a deputy or assistant City Manager, or, in limited circumstances, a City department director. This contract contains the entire agreement between the parties pertaining to the subject matter of this contract. With respect to that subject matter, there are no promises, agreements, conditions, inducements, warranties, or understandings, written or oral, expressed or implied, between the parties, other than as set forth or referenced in this contract.

(l) City's Manager's Authority. To the extent, if any, the City has the power to suspend or terminate this contract or Contractor's services under this contract, that power may be exercised by City Manager or a deputy or assistant City Manager without City Council action.

Sec. 17 Confidential Information. a) *Obligations*. Each party will: (a) protect the other party's Confidential information with the same standard of care it uses to protect its own Confidential information; and (b) not disclose the confidential information, except to affiliated, employees, and agents who need to know it and who have agreed in writing to keep it confidential. Each party (and any affiliates, employees and agents to whom it has disclosed confidential information) may use confidential information only to exercise rights and fulfill its obligations under this Agreement, while using reasonable care to protect it. Each party is responsible for any actions of its Affiliates, employees and agents in violation of this Section.

(b) *Exceptions*. Confidential information does not include information that: (a) the recipient of the Confidential information already knew (b) becomes public through no fault of the recipient; (c) was independently developed by the recipient; or (d) was rightfully given to the recipient by another party.

(c) *Required Disclosure*. Each party may disclose the other party's confidential information when required by law but only after it, if legally permissible: (a) uses commercially responsible efforts to notify the other party; and (b) gives the other party the chance to challenge the disclosure.

(d) *Third Party Requests*. The City is responsible for responding to Third Party Requests. Contractor will, to the extent allowed by law and by the terms of the Third Party Request: (a) promptly notify the City of its receipt of a Third Party Request in a manner permitted by law; (b) comply with the City's reasonable requests regarding its efforts to oppose a Third Party Request; and (c) provide the City with the information or tools required for the City to respond to the Third Party Request.

(e) *Data Breach*. In the event of a data breach or unauthorized access of the City's data, Contractor will promptly notify the City of the breach, including details of its nature, the data compromised, mitigation efforts, and corrective actions to be taken by Contractor.

Sec. 18 Data Assurances. (a) *Data Ownership*. All data uploaded by the City into or created using the Services used by the City is owned solely by the City and Contractor will not access such data unless for the sole purpose of delivering the Services. (b) *Data Access*. The City may access and retrieve all City data stored using the Services at its sole discretion, regardless of who created the content and for what purpose. (c) *Deletion of Data*. Contractor will permanently delete all data and copies of data from its systems when deleted by the City or any authorized End User.

Sec. 19. Ethical Standards. The Contractor must operate in accordance with ethical collection practices, and comply with the Federal Fair Debt Collection Practices Act under 15 U.S.C. sec. 1692 et. Seq. and the Automatic Stay in Bankruptcy, 11 U.S.C. 362, along with all other applicable state and federal laws and regulations, and city ordinances related to City of Durham accounts placed for collections.

IN WITNESS WHEREOF, the City and Contractor have caused this contract to be executed under seal themselves or by their respective duly authorized agents or officers.

ATTEST:

CITY OF DURHAM

_____ By: _____

preaudit certificate, if applicable _____

[The following officers may sign for the corporation: chairperson; president; chief executive officer; vice-president; assistant vice-president; treasurer; or chief financial officer.]

Professional Recovery Consultants, Inc.

By: _____ (SEAL)

Title of Officer: _____

ACKNOWLEDGMENT BY CORPORATION

State of _____

County of _____

I, a notary public in and for the aforesaid county and state, certify that

_____ personally appeared before me this day and stated that he or she is (*strike through the inapplicable:*) chairperson/ president/ chief executive officer/ vice-president/ assistant vice-president/ treasurer/ chief financial officer of Professional Recovery Consultants, Inc., a corporation, and that by authority duly given and as the act of the corporation, he or she signed, under seal, the foregoing contract with the City of Durham.

This the _____ day of _____, 2016.

My commission expires: _____.

Notary Public